

HOUSING INSTABILITY FOR FAMILIES IN THE UNITED STATES: NOT JUST AN ISSUE OF AFFORDABILITY

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First Focus

Affordable housing remains one of the main barriers to economic stability for many families. Housing costs continue to increase in the United States, yet family income has not kept pace. One-third of U.S. children live in households with a high housing cost burden, defined as spending more than 30 percent of the household's monthly income on housing.¹

Housing instability, which includes situations such as being behind on rent and making multiple moves, is associated with an increased risk of poor child health, including hospitalizations, and of maternal depression.² Sustained housing instability can lead to homelessness, further destabilizing families and causing trauma that has severe negative implications for children's healthy development and educational attainment.

Access to housing assistance remains extremely limited—only one in four families who are eligible for rent assistance in the United States receive it. Any efforts to increase affordable housing in the country should (1) prioritize families with children, who face higher rates of homelessness and poverty at a time when children are undergoing critical stages of development, and (2) pair housing with wraparound services that include trauma-informed care.

Increasing the supply of affordable housing in the United States is critical, but housing alone cannot address all the underlying contributors to housing instability, such as job loss, substance abuse, mental health issues, and domestic violence, nor can it respond to all the trauma that results from housing instability or homelessness.

ADDRESSING EVICTIONS

One of the barriers to stable housing for many families is the lack of access to legal services to prevent or delay evictions. Each year millions of families in the United States are evicted from their homes, and families with children are evicted at much higher rates than those without children. Children who experience eviction often face high rates of mobility and unstable living environments that have negative consequences for their education, physical health, mental health, and interpersonal relationships.³

The lack of affordable housing and rising rents are major factors contributing to the

high rate of evictions for families with children. The problem is more complex than that, however, and cannot be solved with housing alone. Low-income families face obstacles that prevent them from fighting for their rights as tenants. Nearly 30 percent of households living in a rented home have experienced a related civil legal problem in the past year.⁴ Civil legal services and eviction prevention programs help keep children and families in their homes and protect them from the negative effects of being evicted. Yet most low-income families lack access to these services.

The Legal Services Corporation, which provides grants to civil legal aid organizations, received only \$385 million in fiscal year 2017, and the president's 2018 and 2019 budgets propose to eliminate this funding altogether. The Equal Opportunity for Residential Representation Act of 2017 (H.R. 1146), introduced by Congressman Keith Ellison (D-MN-5), would start to address the need for civil legal services by creating a pilot program to provide grants to organizations that serve families facing eviction, landlord-tenant disputes, fair housing discrimination, or other housing-related issues. These grants would be equitably distributed between urban and rural areas, with at least 20 percent guaranteed for rural areas.⁵

INCREASING ACCESS TO HOUSING ASSISTANCE

The tax code is one powerful tool to increase the supply of affordable housing. However, it currently provides much greater housing-related tax benefits to higher-income households than to low-income households. Any reforms to or investments made in housing and home ownership through the tax code must target low- and moderate-income families. The recent Tax Cuts and Jobs Act limited the mortgage interest deduction to interest on the first \$750,000 of mortgage debt (down from the first \$1 million),⁶ but it does not use the additional revenue that will be generated by the lower cap to benefit low-income households.⁷

Home ownership in the United States continues to decline, while the share of renters is significantly increasing.⁸ A renter's tax credit is needed to support households who cannot afford to buy a home or do not wish to become home owners.⁹ In order to be effective at reducing poverty, the credit should account for geographic differences in housing costs and reach a majority of the renters with the most severe cost burdens (those paying more than 50 percent of their income on rent). One proposal would offer a tax credit to households to cover the gap between rent paid and 40 percent of

a family's after-tax income. If implemented, this credit would reduce poverty among families with children by 10 percentage points.¹⁰ More than 20 states and the District of Columbia already have renter's credits, some of which are refundable.¹¹

We can also expand the low-income housing tax credit (LIHTC) and better target it to the lowest-income households with children. These credits go to developers to create new affordable housing units. Currently, the fixed rents of LIHTC properties are too high for households living in poverty, and therefore the majority of LIHTC properties include residents who also have housing vouchers to help them cover rent.¹²

To ensure that families with children are a priority population for LIHTC units, we need better demographic data on LIHTC households.¹³ Developers of LIHTC units that will serve families with children should be deliberate about building units in high-opportunity neighborhoods with strong schools.¹⁴ Student housing has long been excluded from the LIHTC, but an exception should be made for students experiencing homelessness. Legislation has proposed to change the rules of the LIHTC to allow units housing full-time students who have experienced homelessness to qualify for the credit.¹⁵

Increasing access to housing choice vouchers (commonly known as Section 8) and other rent assistance is another critical way to help families facing eviction. Research shows that rent assistance lifts children out of poverty—nearly one million children were lifted out of poverty by housing subsidies in 2015.¹⁶ This assistance helps families with the cost of rent and frees up money for them to spend on other basic needs, thereby improving their financial stability and supporting healthy child development. Vouchers can also improve a child's chances for economic mobility—one study finds that children in households receiving vouchers have higher adult earnings and a lower chance of incarceration.¹⁷

Yet few households with children that are eligible for housing assistance receive it, and families with children are decreasing as a share of federal housing assistance beneficiaries.¹⁸ The majority of households on the waiting list for housing assistance (60 percent) are families with children,¹⁹ and they are given no priority. We need not only to expand access to housing assistance, but also to ensure that families with children, especially those experiencing any form of homelessness, are one of the populations prioritized.

Young adults who have been in foster care and homeless young adults should also be prioritized for federal housing assistance. These young adults are often receiving little financial support while enrolled in higher education or attempting to secure stable employment. One program that does help these youth is the Family Unification Program, which provides housing choice vouchers to young adults aging out of the system and at risk of homelessness, and to families who are involved with the child welfare system with inadequate housing as a factor in their system involvement. These vouchers are administered jointly by the U.S. Department of Housing and Urban Development (HUD) and local child welfare agencies.²⁰

The Fostering Stable Housing Opportunities Act of 2017 (S. 1638 / H.R. 2069)²¹ would prioritize federal housing assistance for young adults aging out of foster care. It is critical to note that any housing assistance for young adults must be paired with developmentally appropriate services to support youth and help them transition to adulthood.

Homeless young adults and those aging out of foster care face unique barriers to accessing and completing higher education. Supports that help them remain stably housed while attending college or university are critical to their graduating and achieving economic security. The Higher Education Access and Success for Homeless and Foster Youth Act (S. 1795 / H.R. 3740) would amend the Higher Education Act by removing barriers to financial aid for such students and also require colleges and universities to develop plans to help them access housing resources during and between academic terms.²²

IMPLEMENTING HOUSING ASSISTANCE

We also need to ensure that housing assistance is effectively implemented. This includes adding rules to prevent landlords from refusing renters simply because they have a voucher. States and cities have taken action through lawsuits to prevent landlords from discriminating against renters based on source of income.²³

Housing assistance also generally does not coordinate well with other systems that aim to improve child outcomes. Policymakers should look to examples in Washington state, where public housing authorities and public school systems have created

partnerships to improve the educational outcomes of children living in subsidized housing.²⁴

NATIONAL HOUSING TRUST FUND

An additional funding stream to increase the supply of affordable housing is the National Housing Trust Fund. Created in 2008, the fund is designed to provide resources to build and rehabilitate housing, with a focus on rental housing for extremely low-income households. It lacked funding until 2016, when \$174 million was designated as a block grant to states. As of fiscal year 2017, \$220 million was allocated, with a quarter of funding going to children.²⁵ Each state has to create an allocation plan for its funds and is allowed to prioritize these funds for certain target populations.²⁶

When states are determining their target populations, they should coordinate with school systems to identify the most vulnerable families with children. These include homeless families who are living “doubled up” (living with others due to economic hardship) such as those served by a new program in Chicago that uses local Housing Trust Fund money to prioritize such families.²⁷

FIGHTING THREATS

Despite the fact that millions of families and youth are experiencing housing instability in the United States and access to affordable housing is already extremely limited, recent proposals would impose spending cuts and harmful program changes to federal rental assistance, further limiting access to federal housing assistance for low-income households.

The president’s fiscal year 2019 budget proposes a nearly \$2.6 billion cut to rent assistance programs from their level in fiscal year 2017, a move that would cancel vouchers for about 200,000 low-income households. In addition, the budget proposes to establish or increase a mandatory minimum rent for tenants, increase the amount of rent paid by tenants from 30 percent of adjusted income to 35 percent of gross income, and increase local control and choice for grantees around policies like work restrictions.²⁸

Although the Trump Administration has proposed funds to specifically hold harmless elderly and disabled households from these new requirements, it affords no such protections for families with children. If these cuts and changes are enacted without any additional supports such as affordable child care, access to transportation, higher education, and job training, these proposals will make it harder for parents and guardians to meet the requirements for housing assistance. As a result, child and youth homelessness will rise beyond already skyrocketing numbers, resulting in irreparable harm to child development and well-being.

The proposed cuts also include elimination of the National Housing Trust Fund, the Legal Services Corporation, and the Low Income Home Energy Assistance Program, all of which would be devastating to low-income children and families experiencing housing instability.

CONCLUSION

Lack of affordable housing is one of the biggest barriers to stability for many low-income families. Considerable investments are needed to increase the supply of affordable housing in the United States. However, in order to ensure that these investments help families with children remain stably housed and maintain economic security, any investments must (1) prioritize families with children, who face higher rates of homelessness and poverty at a time when children are undergoing critical stages of development, and (2) pair housing with wraparound services to address barriers to stability that go beyond housing affordability.

ENDNOTES

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